

Message Text

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ACTION EUR-12

INFO OCT-01 ISO-00 CIAE-00 PM-03 INR-07 L-02 ACDA-05

NSAE-00 PA-01 PRS-01 SP-02 USIA-06 TRSE-00 SAJ-01

DODE-00 /041 W

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P R 210639Z APR 75

FM AMEMBASSY MADRID

TO SECSTATE WASHDC PRIORITY 1615

INFO USCINCEUR VAIHINGEN

US MISSION NATO 576

USCINCUSNAVEUR LONDON

USCINCUSAFE RAMSTIN

16TH AF, TORREJON SP

JUSMG/MAAG, MADRID SP

C O N F I D E N T I A L MADRID 2681

E.O. 11652 GDS

TAGS: MARR, SP

SUBJ: BASE NEGOTIATIONS: PURCHASE OF F-4E'S

1. JUSMG HAS JUST RECENTLY OBTAINED COPY OF LETTER DATED MARCH 26 FROM LOCAL MCDONNELL DOUGLAS REP (SPANISH NATIONAL) TO COMPANY'S DIRECTOR OF MARKETING INTERNATIONAL, BEARING ON SPANISH CANCELLATION OF LETTER OF INTENT FOR PURCHASE OF NEW F-4E'S. LETTER'S OBSERVATIONS REGARDING SPANISH INTENTIONS ARE OF SIGNIFICANT INTEREST AND REPORTED A PHOLLOWS:

2. REP INDICATES HE "TOUCHED ALL BASES" IN ORDER TO PIECE TOGETHER TRUE BACKGROUND STORY, INCLUDING CONVERSATION WITH GENERAL ALFARO, CHIEF OF PLANS AND PROGRAMS; GENERAL PASCUAL, SAF CHIEF OF STAFF; AND GENERAL REY, CHIEF OF STATE, AIR DEFENSE COMMAND. CONCLUSION IS THAT IN CANCELLING LETTER OF INTENT AIR MINISTER ACTED UNDER "SEVERE POLITICAL PRESSURE OF HIGHER ECHLEONS OF GOVT".

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3. CONTACTS IN PRESIDENCY CONFIRMED THAT CANCELLATION WAS DEFINITELY THE RESULT OF POLITICAL AND FINANCIAL PRESSURES".

4. SEQUENCE OF EVENTS DESCRIBED AS FOLLOWS:

A. SAF SIGNED AND DELIVERED LETTER OF INTENT ON FRIDAY, MARCH 14, IN SPITE OF "OBVIOUS SIGNS OF FINANCIAL STRESS".

B. ON THAT DATE SPAIN'S NEGOTIATING TEAM FOR RENEWAL OF 1970 AFC WAS ENROUTE FROM WASHINGTON FOLLOWING FOURTH ROUND OF TALKS. "THEY KICKED UP TREMENDOUS FUSS ON LEARNING MONDAY MARCH 17 THAT AIR MINISTRY HAD AGREED TO PURCHW?-#

1.S. MATERIAL

VALUED AT SOME \$200 MILLION. A 'BUY AMERICAN' ACTION, ESPECIALLY SO VALUABLE, WAS CONSIDERED RUINOUS AT THIS DELICATE MOMENT IN BILATERAL NEGOTIATIONS".

C. THUS TEAM REACHED PRESIDENCY AND MINISTRY OF FINANCE AND PRESSED FOR ANNULMENT OF AIR MINISTRY'S DESIRED PURCHASE.

D. ALTERNATIVE SOLUTION OFFERED FBSYSAF'S PRESSING REQUIREMENT FOR MORE PHANTOMS WAS ACQUIRING FURTHER USED F-4C'S OR SECOND HAND F-4E'S UNDER TERMS OF BILATERAL AGREEMENT, WITH FOLLOWING ADVANTAGES:

(1) NO IMMEDIATE CASH OUTLAY;

(2) REDUCED EXPENDITURE OF VALUE FOR SPAIN, I.E., NEGOTIATED VALUE OF USED AIRCRAFT VERSUS NON-NEGOTIABLE PRICE OF NEW AIRCRAFT;

(3) ALMOST IMMEDIATE ACQUISITION OF AIRCRAFT VERSUS WAITING TWO AND ONE-HALF YEAR DELIVERY PERIOD.

(4) WOULD SATISFY SAF'S REQUIREMENT TEMPORARILY IN ANTICIPATION OF FIGHTER OF 1980'S WHICH MIGHT EVEN HAVE SOME STANDARDIZATION WITH OTHER EUROPEAN COUNTRIES.

4. LETTER NOTES SAF HAS "NOT THROWN IN TOWEL" AND CONSIDER APRIL-END-MAY AS TRUE TERMINAL DATE FOR THEIR HOPES TO ACQUIRE NEW F-4E'S.

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Message Attributes

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Draft Date: 21 APR 1975
Decaption Date: 01 JAN 1960
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Disposition Approved on Date:
Disposition Authority: SmithRJ
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
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Disposition History: n/a
Disposition Reason:
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Enclosure: n/a
Executive Order: GS
Errors: N/A
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Margaret P. Grafeld
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05 JUL 2006

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